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FOR EAP - AMB. HASLACH, EAP/EP AND EAP/MTS
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SUBJECT: MALAYSIA AND APEC IN 2008

REF: A. STATE 34771

[1](#)B. 2007 KUALA LUMPUR 1579

[1](#)C. 2007 KUALA LUMPUR 683

[1](#)1. In advance of the second APEC Senior Officials Meeting (SOM II), econoff called on Malaysia's Senior Official to APEC, Abdul Ghafar Musa, on May 16 to discuss U.S. and Malaysian goals for APEC this year (ref A). Ghafar, Senior Director of the APEC Division in the Ministry of International Trade and Industry, said that Trade Minister Muhyiddin Yassin, who replaced veteran Rafidah Aziz last month, so far had not indicated any change in Malaysia's overall approach to APEC. Although Muhyiddin is currently scheduled to attend the May 31-June 1 trade ministers, meeting, Ghafar said he would not be surprised if the Minister decides to opt out (note: Muhyiddin is a senior leader in Malaysia's leading ruling party, which is in the process of regrouping after major losses in Malaysia's March 8 general elections).

[1](#)2. Ghafar said Malaysia remains interested in the eventual negotiation of a Free Trade Area of the Asia Pacific (FTAAP). Malaysia welcomes efforts to conclude additional "model measures" for FTAs that could eventually be used in the negotiation of a multilateral FTA, and he said that the FTAAP issues paper recently drafted by New Zealand was helpful. However, Ghafar noted that the large discrepancies in the levels of development of APEC's economies would complicate the negotiation of an FTA. Malaysia views negotiation of an FTAAP as not feasible for at least five years, and believes APEC should make its first priority the conclusion of the Doha Round of WTO negotiations.

[1](#)3. Malaysia welcomes additional private sector involvement in APEC, and strongly supports the APEC Business Advisory Council (ABAC), said Ghafar. Malaysia supports Peru's emphasis on corporate social responsibility, but like the U.S. believes such efforts must remain voluntary, not imposed or managed by governments. He welcomed Peru's emphasis on small and medium enterprise development this year.

[1](#)4. Given the recent attention to serious food price inflation around the world, Ghafar said it was understandable that the issue would be on the agenda at SOM II. However, Malaysia would not support APEC taking a particularly active role in the issue, which he said is better left to UN organizations like UNCTAD and FAO.

[1](#)5. Embassy officer responsible for APEC issues until July 14 is John Finkbeiner, who will be replaced by Juha Salin in early August.
KEITH